

**MINUTES OF THE ARCHIVES PARTNERSHIP TRUST BOARD
INVESTMENT COMMITTEE MEETING
10:00am, July 19, 2018
Cultural Education Center, Room 9C49, 222 Madison Avenue, Albany, NY**

Investment Committee Members Present

By Telephone: Barbara A. Brinkley, Board Treasurer and Committee Chair; Stephen Pagano, Board Chair; Harold Iselin and Rosemary Vietor

Staff Present

Janet Braga, Director; and Tom Ruller, State Archivist, Trust Chief Executive Officer

Others Present

Paul Murray, First Vice President, Investments, Janney Montgomery Scott LLC (by telephone)

Excused

Joyce Shenker

Call to Order

Ms. Brinkley called the meeting of the Investment Committee to order at 10:05 am, noting a quorum at the start of the call. She invited Mr. Murray to begin with his report.

Review of Portfolio Performance for the Last Quarter and Investment Distribution as a Result of Market Performance

Mr. Murray reported that as of June 30, 2018:

- Account value: \$4,587,663 vs. 3/31/18 \$4,489,179 – a modest gain in a relatively flat market. Asset allocation:

3.9%	cash and equivalents (cash/fixed income or securities to mature in six months)
64.3%	in equities (47.3% U.S. and 17% international)
31.7%	fixed income (CDs and the bond mutual funds)
0%	other (a blended fund composed of both stocks and bonds)

- Broad asset allocation ratio:

64.3%	equities
31.7%	fixed income

- Performance:

Trust Portfolio vs Benchmarks	2nd Qtr	YTD	Since 12/31/2006*
• Trust's portfolio	2.22%	2.31%	8.02%
• S&P 500 Composite Index	2.93%	1.67%	10.86%
• Blended Benchmark Portfolio (55% S&P 500 Total Return, 15% MSCI EAFE GTR, and 30% Merrill Lynch 3-month Treasury)	1.92%	1.51%	8.35%

* the date Janney began using its current tracking database

- Portfolio Changes:

	2nd Qtr	YTD
Net deposits/withdrawals:	\$0	-\$147,277
Total Earnings:	\$98,484	\$107,570

Mr. Murray noted:

- There were no deposits or withdrawals during the quarter.
- Investment earnings were \$98,484, or a gain of +2.22% for the quarter. The benchmark S&P 500 Index for stocks was up +2.93% for the quarter and our blended benchmark returned +1.92%. This quarter’s gain now has pushed the portfolio up +2.31% for the year – ahead of the market (+1.67%) and our benchmark (+1.51%). These figures are summarized on page 1 of 12 of the attached Portfolio Summary report (Archives Performance June 2018).
- Allocation per “Quick View” report is approximately 30% cash/bond funds/CDs and 70% stock mutual funds/ETFs. “Large Cap Domestic” stocks represent our biggest allocation at 39.2% but we are well diversified across all areas of the equity market. This allocation is relatively unchanged from last quarter.

Mutual Funds

Mr. Murray referenced mutual funds continue to be well rated and posting good relative results. “Growth” funds posting some very impressive returns year to date. iShares Small Cap Growth and American Funds Growth Fund of America leading the way with double digit returns due to investments in technology stocks. Income/yield oriented funds (bonds, high dividend paying stocks) still flat to slightly down because of the rise in interest rates. Overall, still a very good mix of funds, covering all areas of the market – from conservative areas to more aggressive areas.

Interest Rates

Interest rates continue to slowly move up but are starting to level off - yield on 10 year Treasury is 2.85% at the end of June vs 2.74% as of March 31 (2.41% at end of December). This has put some pressure on “income” oriented investments like bonds and high paying dividend stocks (inverse relationship between interest rates and market price of bond). Yield curve is very flat – no additional return on longer term bonds. Difference between 5 Year and 10 Year Treasury bond is 0.15% (and 30 Year Treasury rate is 2.94%). All the movement in interest rates has been on the short end of the curve (less than 5 Years).

Review of Bond Performance

- **Bonds/CDs Called:** No CDs have been called.
- **Bonds/CDs Matured/Maturing:** \$50,000 Discover Bank 1.70% CD comes due 7/30/18. Given the Trust’s projection for no immediate cash needs, Mr. Murray recommended rolling this over to another CD. A new CD for \$50,000 would come due in 2022. Current rates are 3.17% - a nice improvement from the one that is maturing and keeps our fixed income allocation intact.

A motion to direct Mr. Murray to invest the proceeds of the \$50,000 Discover Bank CD maturing July 30, 2018 into a 4-year CD (at about 3.17%) was made by Mr. Iselin, seconded by Mr. Pagano, and unanimously passed.

Resolved, That the Investment Committee directs Mr. Murray to invest the proceeds of the \$50,000 Discover Bank CD maturing July 30, 2018 into a 4-year CD (at about 3.17%).

Mr. Murray stated that if interest rates drop below 3% he will reach out to the committee to reconfirm the rollover. Ms. Braga will send a confirmation email to the committee once the CD is purchased.

Cash (Available, Needs, Projections)

Ms. Braga reported that we are on track with budgeted revenue projections. Sponsorship support for the Empire State Archives & History Award event (ESAHA) will meet goal. She reported the Trust is looking into a number of grant options and revenue from the Annual Fund to help realize a few large projects such as: expanding the APT website; making *New York Archives* magazine digitally accessible; and developing targeted educational programs in various regions around the state.

Endowment Balance and Quality

Mr. Murray noted no major action items or strategy changes are recommended at this time. Janney's outlook for the market continues to be favorable for 2018.

Conclusion

Mr. Pagano motioned to adjourn the meeting and Ms. Vietor seconded the motion. Ms. Brinkley adjourned the meeting 10:34 am and thanked all for their participation.

The next Investment Committee meeting is next scheduled for October 17, 2018.

Respectfully submitted,



Janet B. Braga

Director

July 20, 2018